AMENDMENTS TO THE CLAIMS:

This listing of claims will replace all prior versions and listings of claims in the application:

1. (Currently Amended) A content distribution system ~~composed by connecting~~ including a distribution server and a terminal device connected through a network, wherein said distribution server comprises:

embedding means for converting user identification information and a storage definition flag into watermark information through ~~prescribed~~ spreading modulation and embedding the watermark information in content, the user identification information uniquely assigned to said terminal device, the storage definition flag having a ~~indicating its~~ state previously set on said terminal device side;

encryption means for ~~performing prescribed encryption on~~ encrypting said content having said watermark information embedded therein; and

transmitting means for transmitting said ~~content~~ encrypted content[[,]] to said terminal device through said network, and

said terminal device comprises:

reception means for receiving said content;

extraction means for extracting said user identification information and said storage definition flag ~~by performing prescribed processing on~~ from said watermark information embedded in said content;

decryption means for decrypting said ~~encryption of said~~ encrypted content depending on the existence of said user identification information;

~~judgement~~ judgment means for judging, based on the state of said storage definition flag, whether said ~~content~~ decrypted content should be encrypted before being stored; and

storage means for storing said content having said watermark information embedded therein.

2. (Currently Amended) The content distribution system according to Claim 1, further comprising a management server provided on said network for ~~making~~ sending a ~~prescribed~~ notification or warning to said terminal device when content distributed from said terminal device is detected and said user identification information is detected from the content.

3. (Currently Amended) The content distribution system according to Claim 2, wherein said management server ~~makes~~ sends said notification or warning to said terminal device depending on whether said detected user identification information ~~detected~~ matches the user identification information uniquely assigned to said terminal device.

4. (Currently Amended) A content distribution method ~~of~~ in a content distribution system ~~composed by connecting~~ including a distribution server and a terminal device connected through the network, wherein[[:]] said distribution server ~~comprises~~ executes steps including:

~~a first step of~~ converting user identification information and a storage definition flag into watermark information through ~~prescribed~~ spreading modulation and embedding said watermark information in content, the user identification information uniquely assigned to said terminal device, the storage definition flag having a ~~indicating its~~ state previously set on said terminal device side;

~~a second step of performing prescribed encryption on~~ encrypting said content having said watermark information embedded therein; and

~~a third step of~~ transmitting said ~~content~~ encrypted content[[,]] to said terminal device through said network, and

said terminal device ~~comprises~~ executes steps including:

~~a fourth step of~~ receiving said content;

~~a fifth step of~~ extracting said user identification information and said storage definition flag from ~~by performing prescribed processing on~~ said watermark information embedded in said content;

~~a sixth step of~~ decrypting said ~~encryption of said~~ encrypted content depending on the existence of said user identification information;

~~a seventh step of~~ judging, based on the state of said storage definition flag, whether said ~~content~~ decrypted content should be encrypted before being stored; and

~~an eighth step of~~ storing said content having said watermark information embedded therein.

5. (Currently Amended) The content distribution method according to Claim 4, further comprising ~~a ninth step of making~~ sending a ~~prescribed~~ notification or warning to said terminal device when content distributed from the terminal device over said network is detected and said user identification information is detected from the content.

6. (Currently Amended) The content distribution method according to Claim 5, wherein ~~said ninth step makes~~ said notification or said warning is sent to said terminal device depending on whether said detected user identification information ~~detected~~ matches the user identification information uniquely assigned to said terminal device.

7. (Currently Amended) A content distribution method ~~of~~ in a content distribution system ~~composed by connecting~~ including a distribution server and a terminal device connected through a network, wherein[[:]] said distribution server ~~comprises~~ executes steps including:

~~a first step of~~ adding user identification information and a storage definition flag to content, the user identification information being uniquely assigned to said terminal device, the storage definition flag having a ~~indicating its~~ state previously set on said terminal device side;

~~a second step of performing prescribed encryption on~~ encrypting said content having said user identification information and said storage definition flag added thereto; and

~~a third step of~~ transmitting said ~~content~~ encrypted content[[,]] to said terminal device through said network, and

said terminal device ~~comprises~~ executes steps including:

~~a fourth step of~~ receiving said content;

~~a fifth step of~~ extracting said user identification information and said storage definition flag from said content;

~~a sixth step of~~ decrypting said encrypted ~~encryption of said~~ content depending on the existence of said user identification information;

~~a seventh step of~~ judging, based on the ~~validly~~ validity of said user identification information, whether said user identification information should be converted into watermark information through ~~prescribed~~ spreading modulation and then the watermark information should be embedded in said content;

~~an eighth step of~~ judging, based on the state of said storage definition flag, whether said ~~content~~ decrypted content should be encrypted before being stored; and

~~a ninth step of~~ storing said content having said watermark information embedded therein.

8. (Currently Amended) A content distribution method ~~of~~ in a content distribution system ~~composed by connecting~~ including a distribution server and a terminal device connected through a network, wherein[[:]] said distribution server ~~comprises~~ executes steps including:

~~a first step of~~ adding user identification information and a storage definition flag to content, the user identification information being uniquely assigned to said terminal device, the storage definition flag having a ~~indicating its~~ state previously set on said terminal device side;

~~a second step of performing prescribed encryption on~~ encrypting said content having said user identification information and said storage definition flag added thereto; and

~~a third step of~~ transmitting said ~~content~~ encrypted content[[,]] to said terminal device through said network, and

said terminal device ~~comprises~~ executes steps including:

~~a fourth step of~~ receiving and storing said content in a ~~prescribed~~ storage means;

~~a fifth step of, when said content is read from said storage means as required,~~ extracting said user identification information and said storage definition flag from the content when said content is read from said storage means;

~~a sixth step of~~ decrypting said ~~encryption of said~~ encrypted content depending on the existence of said user identification information;

~~a seventh step of~~ converting said user identification information into watermark information through ~~prescribed~~ spreading modulation and embedding the watermark information in said ~~content~~ decrypted content; and

~~an eighth step of~~ storing said content having said watermark information embedded therein, in said storage means;

wherein the storage definition flag is used to determine whether said content should be encrypted before being stored.

9. (Currently Amended) A terminal device for managing content, ~~comprises~~ comprising:

extraction means for, when watermark information generated by performing ~~prescribed~~ spreading modulation on user identification information and a storage definition flag is embedded in content, extracting said user identification information and said storage definition flag ~~by performing prescribed processing on~~ from said watermark information embedded in said content, the user identification information being uniquely assigned to said terminal device, the storage definition flag having a ~~indicating its~~ state previously set on said terminal device side;

decryption means for, when said content has been encrypted, decrypting the ~~encryption of the~~ encrypted content depending on the existence of said user identification information;

~~judgement~~ judgment means for judging, based on the state of said storage definition flag, whether said ~~content~~ decrypted content should be encrypted before being stored; and

storage means for storing said content having said watermark information embedded therein.